

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
September 9, 2014

3:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING	Mayor Richard F. Brunst, Jr.
ELECTED OFFICIALS	Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Director; Bill Bell, Development Services Director; Steve Earl, Deputy City Attorney; Keith Larsen, Traffic Engineer; Karl Hirst, Recreation Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Heather Schriever, Assistant City Attorney; Sam Kelly, City Engineer; Jason Bench, Planning Division Manager; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

DISCUSSION – City Code Amendments

Heather Schriever, Assistant City Attorney, explained that over the previous eighteen months legal staff had been reviewing the Orem City Code in an effort to identify sections in need of amendment. Mrs. Schriever presented the following types of update to the code:

1. Remove obsolete provisions
2. Bring the City Code into compliance with changes in State law
3. Resolve inconsistencies within the City Code
4. Make substantive changes
5. Correct formatting and scrivener's errors

Mrs. Schriever provided explanation as to why the identified sections required amendment:

- Obsolete Provisions
 - Article 2-15 – Repeal the Youth City Council Advisory Committee as it was no longer functioning.
 - Article 2-16 – Repeal the Media Review Commission as it was no longer functioning.
 - Section 9-3-2 – Repeal the required submission of certain movies for review before exhibition.
- Conformance with State law
 - Section 2-27-6 – Court Facilities and Hours of Operation
 - Justice Court holidays were to mirror State holidays – Orem City Code §2-27-6.

- Article 2-30 – Records Access and Management
 - Numerous changes reflecting amendments to the State law.
 - Increasing the time to respond to GRAMA requests from five business days to ten business days, which comports with State law.
 - Changing the appeal procedure – The Utah Code will now govern the appeal of the City Manager’s GRAMA determination. The appellate body would be the State Records Committee or the judiciary.
- Section 7-2-8 – Discharge of Fireworks
 - Cities may restrict the use of certain ignition sources in mountainous, brush-covered, or forested areas or in a wild land urban interface area when a hazardous environmental condition was present – Orem City Code §7-2-8(C).
 - Types of ignition sources (fireworks) as restricted by State law – Orem City Code §7-2-8(D).
- Section 12-5-13 – Towing and Parking Enforcement Companies
 - Updating the definition of an “abandoned vehicle” as a vehicle that is left on the public roadway in excess of forty-eight hours. Former ordinance required seventy-two hours which was inconsistent with current State law – Orem City Code §12-5-13 to follow Utah Code §41-6a-1408.
- Chapter 18 – Taxation - Reflecting changes that were made in Utah Code that had already been fiscally implemented and included in the annual budget
 - Reflecting the correct sales and use tax levy of 1%.
 - Removing any reference to ¼ of 1% tax levy for public transportation (Utah County now collected that tax).
 - Including an exemption for sales and uses that had been taxed in other jurisdictions under the Local Sales & use Tax Act.
 - Including language defining when a sale is consummated within the City.
 - Adopting a definition of “taxable energy” found in Utah Code § 10-1-303 Municipal Energy Sales and Use Tax Act – Orem City Code §18-2-2
 - Modify the Telecommunications license Tax Levy to 3.5% as reflected in State law (fiscally implemented in 2007 and formerly 4%) – Orem City Code §18-3-2.
- Resolution of Inconsistencies within the Orem City Code
 - Chapter 5 – Animal Control; Chapter 22 – Zoning – Residential
 - Amend Orem City Code § 5-6-1 (animal control) and § 22-2-1 (zoning ordinance) to clarify that there are allowed up to two (2) dogs and two (2) cats four months of age or older in every “dwelling”. These ordinances formerly limited the number of cats and dogs by “person” or “lot” making application and enforcement of these provisions inconsistent.
 - A “dwelling” was defined as any building, structure, or portion thereof which is occupied as or designed or intended for occupancy as a residence by one or more families, but not including hotels, motels, or bed and breakfast establishments.
- Substantive Changes
 - Section 19-7-5 – Regulation of Nonconsensual Towing and Booting Practices

- Amendment to Orem City Code § 19-7-5.D – Would not penalize private property owners with four or more parking spaces if the owner had a vehicle towed that had remained on the private property owner's property for more than forty-eight hours regardless of any signage posted.
- Correction of Scrivener's Errors or Formatting Changes
 - Make citation forms consistent.
 - Correct paragraph numbering.
 - Correct punctuation.

Mr. Macdonald asked if the Council would consider changing the policy from needing four Councilmember votes to pass an item.

Mr. Davidson further explained Mr. Macdonald's concern by saying it was problematic when the event occurred when only four council members were present at a meeting. To pass any action item at a meeting with only four members present required a 4-0 vote. Mr. Macdonald wondered if the Council could allow a majority vote in those circumstances.

Mrs. Schriever said she wasn't unaware of the exact policy surrounding council votes, but would ensure legal staff looked into that possibility and notify the Council of its findings.

The Council and staff discussed a situation of a disabled vehicle being left in the parking lot of a business on State Street for an extended period of time. Mr. Davidson said that, from a City perspective, empathy should be shown to the business. If the business did not have a place for its customers to park, it was a disadvantage to the business.

Mrs. Schriever said the City Council would be provided with red-line/strikeout documents detailing all of the sections being amended.

Mr. Seastrand asked what Scrivener's errors meant. Mrs. Schriever said it meant "writer's errors."

Mr. Davidson said staff's goal was to manage and solve problems before the problems hit the City Council's inbox. In some instances there were people that wanted to talk directly with elected officials. Mr. Davidson requested the City Council to funnel problems through the City Manager's office. Staff would keep the City Council in the loop so that when there were things needing to be addressed, the citizens would be communicated to, and the Council and staff would both be aware of the issues.

DISCUSSION – Ethics Commission

Mrs. Schriever led a continued discussion regarding the creation of an interlocal municipal ethics committee. She said Provo had opted to go with the State ethics commission, which was a similar organization to the municipal ethics commission. The cities of Pleasant Grove, Spanish Fork, Salem, and Payson were all on board with the municipal ethics commission. Lehi City was waiting to see what Orem did. Springville had opted to use the State Ethics Commission, but it was also waiting to see what Orem decided to do.

Mr. Sumner asked what the advantage was over the State's commission.

Mrs. Schriever said a municipal commission would retain local control. The State's commission was made up of seven individuals, with no benefit of local control. If the Council used an ethics commission that was kept at the interlocal level, the dissemination of documents would be controlled, and issues would be assessed by people who knew the issues. The major benefits were specificity and local understanding.

Mr. Davidson said timing was a benefit, as scheduling could be an issue for the State's commission. He said staff was ready to aid the City Council to move forward in an expeditious way by bringing resolution to conflict and concern.

Mrs. Black and Mayor Brunst said they were ready to look at interlocal.

Preview Upcoming Agenda Items

Mr. Davidson said Orem was in the process of developing a Community Development Area (CDA) for the University Mall. He distributed a series of documents on what would be required of the Council in the event the City moved forward with the creation of a CDA. He admonished the Council to bear in mind that the documents before them were drafts.

Mayor Brunst added that the documents were not for the public because they were in draft format.

Mr. Davidson said when the CDA action item was brought forth it would be part of the agenda, but he wanted to take the opportunity to bring it to the Council's attention. Mr. Davidson explained that the first two documents provided to the Council had to do with Redevelopment Agency (RDA). Under that framework, the first two resolutions would be considered which would (1) adopt the university place project area plan as the established plan for the creation of a CDA at University Place; and (2) authorize the mayor, serving as chair to the RDA, to execute by signature the interlocal agreement when one was reached. The third and fourth documents were acting for and on behalf of City Council. The final document distributed was the draft interlocal agreement that the Council would consider as part of the creation of the CDA. The interlocal agreement that the City Council would consider was the contractual mechanism that would be used as it related to property tax increment. Mr. Davidson said the CDA agenda item would be brought to the Council on September 23, 2014. The documents he dispersed as drafts documents would become available in agenda packet distributed for that City Council meeting.

Mr. Andersen asked what document would be affected if a referendum was initiated to stop the creation of a CDA.

Mrs. Schriever said referendums affected legislative acts, passed by the City Council, the legislative body for the City. Any action taken of the RDA would not be referable because it was not considered a legislative body. She observed that it was a difficult place for the City Attorney to be in as it was that person's duty to defend the law. In the case of a referendum, the City Attorney, who represented the City, would be the adverse party in that referendum, and therefore it was inappropriate to lend further advice or insight into a potential referendum situation.

Mr. Macdonald said that for Mrs. Schriever to discuss it further with Mr. Andersen would be a conflict of interest. Should Mr. Andersen initiate the referendum process as a citizen, Mr.

Macdonald said Mr. Andersen should seek legal advice on his own and should not involve the legal counsel providing advisement to the City. Mr. Macdonald then asked about the number of years and the percentage share for the property tax increment.

Mr. Davidson said that was the purpose of the discussion to be had with the Alpine School District at the school board meeting.

Mayor Brunst said the percentage was negotiable.

DISCUSSION – CARE Tax Advisory Commission

Stephen Downs led a continued discussion regarding the creation of a CARE Tax Advisory Commission. He said there were some concerns about the CARE tax advisory commission that had been proposed at previous City Council work sessions. He presented a flow chart of what the roles the CARE Tax Advisory Commission was previously proposed to be.

Mr. Spencer said the ad-hoc committee used the past year had worked well for the minor grants.

Mayor Brunst said the advisory commission was to have citizen input from the general community and to allow them to help the City Council understand the feelings on where the tax dollars should go. It would be strictly a seven member committee of citizens who would listen to the presentations and then provide opinions, feelings, and thoughts to the City Council. The Council would still make the final decisions on the allocation of the CARE tax dollars.

Mr. Davidson asked how the input from the commission would be provided to the Council.

Mayor Brunst said it would be in either written or verbal format.

Mr. Spencer and Mrs. Black added that in previous years, after the presentations were given, there was active discussion about where to allocate the funds. Councilmembers Black and Spencer suggested the advisory commission should work the way it worked the past year.

Mrs. Black said they gave their input in discussion format.

Mr. Davidson said staff needed to define the responsibilities of the proposed CARE Tax Advisory Commission in the form of an ordinance. He summarized that the CARE Tax Advisory Commission would (1) have advisory capacity with no binding power; (2) be a consultative group for the City Council; (3) not be a competing committee with the existing Recreation Advisory Commission or Arts Council; and (4) have stewardship where seven members would follow up with programs throughout the year.

Mr. Sumner asked how the Council would select individuals to serve on the CARE Tax Advisory Commission. Mayor Brunst said those interested in serving would fill out an application and the Council would sort through the applicants and decide on seven individuals to serve.

Mrs. Black suggested that the commission members be asked to act as ambassadors to the Council in attending the CARE-funded programmed events throughout the year.

Mr. Seastrand summarized the consensus of the Council by stating that the Recreation Advisory Commission would continue with the generation of a strategic plan to complete recommendations for the 50 percent allocation for recreation facilities. On the cultural side, CARE Tax applications would come direct from the Major grant applicants. Minor grant applications would go through the City Council members, with the assistance of the CARE Tax Advisory Commission. At some point, that advisory board would weigh in, either in writing or a verbal report, and the City Council would then make final allocations with various reports. The CARE Tax Advisory Commission would also participate in an ambassador relationship with the City Council.

Mr. Macdonald added that the service term for the commission members would be staggered to start, with some serving two years and others serving three. He said he thought it was helpful to have the advisory commission be the voice for smaller grants and would report to the Council.

Mrs. Black said that in the first eight years there were “buckets” set up that gave guidelines for the CARE money allocations. With the way the allocations would go now, a general guideline “bucket” would help in deciding where the CARE money went.

UPDATE – Financial Sustainability

Laura Lewis, Lewis & Young, said there were pages and pages of data behind the quantitative data that Lewis & Young intended to present.

Kelly Pfof, Lewis & Young, presented a series of graphs and visuals to illustrate where the City was at in terms of Level of Service history. The graphs detailed the following:

- Employees citywide correlated to city population—City employees to number of population was decreasing and was a telling trend likely not sustainable over the next forty years.
- Patrol visit correlation with registered patrons
- Road condition correlation with expense—streets were decreasing in overall condition of roads throughout Orem
- Crime correlation with city population—crime was decreasing.
- Officers per 1,000 residents correlation with crimes per officer—the number of officers per 1,000 residents was decreasing
- Dispatch calls correlation with city population:
 - Fire/EMS calls for service correlation with city population—increasing trend
- Fire/EMS calls for service correlation with staffing—staffing had leveled out, emergency response was increasing. Fire/EMS was handling more calls.
- Parks level of service over time
- Outdoor program correlation with city population—consistent with population.
- Licensed businesses correlation with city population—population was increasing but commercial licensing was not growing.
- Permit and inspection correlation with city population—issued building permits and building inspections were not increasing with population.

Mrs. Pfof discussed Orem’s budget management practices and ideal revenue mixes. The broader industry was looking at financial sustainability over time and, with that in mind, the City Council

should think carefully. A sustainable budget was a balance of revenues and expenditures over time. In the broad world, a three-legged or four-legged ideal revenue mix was ideal:

- A Three-Legged Ideal was an equal three-part split between franchise fees, property tax revenues, and sales tax revenues.
- A Four-Legged Ideal was an equal four part split between franchise fees, property tax revenues, sales tax revenues, and other revenue sources.
- Orem used a four-legged revenue mix.

Employing a three- or four-legged ideal helped to diversify the City revenues to provide maximum security and sustainability. If revenue was to decline in any area, the decline would be compartmentalized within the respective part of the budget.

Mrs. Pfof showed Orem's actual revenue mixes data in regard to other comparable cities including Provo, Sandy, and Layton. The comparable city data provided was to give context to explore Orem's own operations.

Mr. Davidson said Provo was in many respects like Orem. A large percentage of the property base within the two communities was tax exempt. Provo had a policy dictating that, on an annual basis, 10 percent of each of the enterprise funds was transferred to the general fund to help offset the lack in property tax revenue. The argument made was that large tax-exempt organizations benefited from general fund departments, such as police, dispatch, and fire services, which justified that transfer. Orem found itself in a similar situation as a significant amount of property in Orem, namely Utah Valley University, hospitals, and various nonprofit organizations, were operating within Orem. The City had not yet decided to make the concerted transfer between funds as Provo did.

Mrs. Lewis added that Ogden City transferred approximately 15 percent from water, sewer, and storm sewer to its general fund for the same purpose. She stated that Orem's bond rating was worth noting. It was AA+, only one step below Provo's AAA rating. Part of the reason behind the difference in rating was property taxes. Mrs. Lewis asked, hypothetically, what would happen when sales tax went away. Property tax revenues were very stable, more so than sales tax. Mrs. Lewis encouraged the City Council not to give up in the effort of trying to balance property tax over time. She said this was a very important aspect of the City's rating with regard to rating agencies.

Mayor Brunst said he thought property tax would continue to go up with the new developments happening within the City. He surmised that, overall, Orem was in good shape.

Mrs. Lewis suggested that the City Council not allow the property tax piece of the pie to go down any further.

Mrs. Pfof said that in 1996 the City's property tax piece was 26 percent of the overall. In 2014, the property tax piece was 14 percent. That number did not count for inflation, as they were same-dollar amounts. She said Lewis & Young would be remiss if they did not bring that up.

Mrs. Pfof went on to compare revenues per capita and said that Orem's sales tax was even stronger than Provo's.

Mr. Davidson said that though Orem was higher in sales tax, it was important to look at the level of service that each of the respective communities provided.

Mrs. Pfost said that Orem had 13 percent in general fund reserves (rainy day funds). The maximum allowed was 25 percent in general fund reserves. Rating agencies looked favorably toward municipalities that could maintain its rainy day fund. It was best to set a goal and reach it, and be consistent in maintaining that specific goal. Mrs. Pfost presented an interactive dynamic budget and manipulated the budget in several ways to illustrate to the Council what would change by entering different amounts. She used the dynamic budget as a “what if” activity.

Mr. Davidson said the Council should keep in mind that the model started with Orem at zero, with every need met and no deficiencies.

Mrs. Pfost discussed Orem’s level of service indicators which included the following:

- Library cost per resident
- Personnel versus operating cost. It was noted that of all the indicators in the budget, personnel had the largest impact. This was likely due to the cost of health insurance renewal, which was commonly budgeted at 10 percent.
- Personnel cost per hour of operation
- Total cost per road mile
- Recommended maintenance per road mile
- Traffic signal annual maintenance
- Officers per 1,000 residents
- Reported crimes per officer
- Total personnel cost per officer
- Police cost per household
- Dispatch cost per household. This comparison was significantly higher than respective communities which was not a true comparison. Lewis and Young was looking into why the data varied on the dispatch costs for comparable cities.
- Fire/EMS calls per station
- Average Cost per EMS/Fire Call—average cost per call was lower in Orem, but Orem’s fire stations were getting more calls per station.
- Average Fire/EMS cost per household
- Fire/EMS personnel cost per full-time employee. Orem was the highest of the comparable cities, and this was likely due to the maturity of Orem’s personnel. The cost was naturally higher for seasoned employees who had been with a city for a number of years.

Mayor Brunst left the meeting at 5:24 p.m.

Bren Bybee, Assistant City Manager, said the major takeaway for the discussion was for the Council to see that it was an ongoing dynamic and open item to review periodically. The Council should look at what questions the comparisons brought up, and what questions the City should be asking. The analysis was something that influenced the budget process on a yearly basis, and it was wise for staff and the Council to look at what different operational changes should be made.

Mr. Macdonald said the City Council had to have the strategy decision, and to take leadership at the board level to decide where budget dollars would go.

Mrs. Lewis said it was a long term projection, and that the financial sustainability was very much give and take. She said the Council should look at things that might come back to bite the City later on down the road.

Mr. Bybee said the discussion was a great tool if it became a catalyst for additional discussion and review. It showed the consequences of the options before the City.

Mrs. Black said the Council should think positively.

Mr. Seastrand said the City Council had the responsibility to make decisions that affected the next twenty to thirty years. He stated that Orem was a well-managed city, even after the troubles it had faced.

Laura Lewis said that, were it not for the City's reserves, the result of the economic downturn would have been grimmer for Orem.

5:30 P.M. STUDY SESSION- PUBLIC SAFETY TRAINING ROOM

CONDUCTING

Mayor Pro Tem Hans Andersen

ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Brenn Bybee, Assistant City Manager; Karl Hirst, Recreation Director; Scott Gurney, Fire Chief; Gary Giles, Police Chief; Charlene Crozier, Library Director; Steve Earl, Deputy City Attorney; Sam Kelly, City Engineer; Jason Bench, Planning Division Manager; Ryan Clark, Economic Development Manager; Jason Adamson, Risk Manager; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

EXCUSED

Mayor Richard Brunst

Agenda Review

City Council and staff reviewed the items on the agenda.

City Council New Business

Mr. Andersen asked about the status of a resolution he had proposed regarding religious displays on City property.

Steve Earl said he had been tasked to work with Mr. Andersen and needed to narrow the scope to determine what specifically Mr. Andersen was asking for. Mr. Earl said that what had been proposed was too broad.

Mr. Andersen said when he spoke with an attorney in Arizona, that attorney had suggested the scope be broad.

Mr. Macdonald asked if the resolution defined religious displays for a certain time of year.

Mr. Andersen suggested having it at the same time that the Lights On celebration took place in November.

Mr. Earl cautioned that the resolution Mr. Andersen had provided was almost word-for-word the same as a resolution used by a city in New Mexico. That same city had put up a Ten Commandments monument. It was later sued over it and lost. Mr. Earl asked if Mr. Andersen was mainly interested in having a nativity scene from Thanksgiving to New Years. Mr. Earl said that kind of resolution was risky in that it could potentially put the City on the line for future lawsuits if the resolution did not contain the appropriate language and policy.

Mr. Seastrand said policy should stand on its own, not needing the City Council to approve.

Mrs. Black asked if what Mr. Andersen was proposing was intended to be a Council act, or if it was more personal in nature.

Mr. Andersen said he would like it to be from the Council.

Mr. Earl asked the Council, as a whole, how interested it was in looking into the creation of such a resolution, as there were other items that demanded Mr. Earl's time.

The Council's consensus was to have Mr. Earl look into how much time it would take to create such a resolution. They would decide at that point whether or not to pursue a resolution.

The Council adjourned at 5:53 p.m. to the City Council Chambers for the regular meeting.

6:00 P.M. REGULAR SESSION

CONDUCTING

Mayor Pro Tem Hans Andersen

ELECTED OFFICIALS

Councilmembers Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director; Karl Hirst, Recreation Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Steve Earl, Deputy City Attorney; Jason Bench, Planning Division Manager; Steven Downs,

Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

EXCUSED

Mayor Richard F. Brunst

**INVOCATION /
INSPIRATIONAL THOUGHT
PLEDGE OF ALLEGIANCE**

Bob Wright

APPROVAL OF MINUTES

Mr. Macdonald **moved** to approve the minutes from the following meetings:

- Special City Council Meeting – August 19, 2014
- City Council Meeting – August 26, 2014

Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, David Spencer, and Brent Sumner. The motion **passed** unanimously.

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

Upcoming Events

The Mayor referred the Council to the upcoming events listed in the agenda packet.

Appointments to Boards and Commissions

There were no appointments to boards or commissions.

Recognition of New Neighborhoods in Action Officers

No new Neighborhood in Action officers were recognized.

CITY MANAGER'S APPOINTMENTS

Appointments to Boards and Commissions

There were no City Manager appointments.

PERSONAL APPEARANCES

Time was allotted for the public to express their ideas, concerns, and comments on items not on the agenda. Those wishing to speak should have signed in prior to the meeting, and comments were limited to three minutes or less.

Paul Smith said he was present on behalf The Church of Jesus Christ of Latter-day Saints. He read a statement provided by Casey Shaw, Emergency Preparation Contact, informing the public of the upcoming citywide emergency drill. He thanked the Council and staff in putting it and indicated it would be held September 18, beginning at 6:00 p.m.

Sam Lentz, resident, shared an opinion of Mayor Brunst from the *Daily Herald*. Mr. Lenz wondered when UTOPIA stopped being the City's number one problem. He wondered why the City ran from the solution that was presented. He said UTOPIA was still a problem. Mr. Lenz

said the ship had sailed and wondered what happened to the Council's other options. He said Orem left the "bird in the hand" to chase the "bird in the bush." He said he did not think Orem could provide competitive business solutions. He said the Council appeared hypocritical when it approved incentives for some businesses and not others.

Jacob Seibach thanked the Council for voting down the Macquarie proposal. He suggested that the City hold off on rebranding as he did not think it was the right time to do so. He said he suspected the additional funds required for such an endeavor were not readily available.

CONSENT ITEMS

There were no consent items.

SCHEDULED ITEMS

RESOLUTION – Establishing the parameters for authorizing the issuance and sale by the issuer of its approximately \$10,000,000 General Obligation refunding bonds, which bonds were issued for street construction in 2005, and 2006

Richard Manning, Administrative Services Director, and Laura Lewis, with Lewis & Young, gave presentation to the Council. It was explained that in 2004, 2005, and 2006 the City issued voter approved General Obligation debt for the purpose of repairing various streets throughout the community. The City only anticipated refunding the bonds issued in 2005 and 2006. Interest rates were currently low enough to warrant refunding the outstanding bonds. The original bonds were issued with interest rates between 3% and 5%. Current interest rates were projected to be between 1.5% and 2.5%, producing savings over the life of the refunding of up to \$1.1 Million.

A parameters resolution would set the outside limits within which the bonds can be issued. The maximum amount to be issued to refund the bonds was up to \$10,000,000 depending upon the interest rates at the time of closing. The City anticipated that the bonds issued would likely be around \$9,660,000. The outstanding bonds would be paid off through an escrow arrangement. The City would realize an estimated savings of \$1.1 million over the life of the refunded bonds. The length of the refunding bonds would not exceed the length the original bonds would have been outstanding.

The bulk of the savings would be realized in fiscal year 2015 and would be utilized for needed repair work on Center Street between State Street and 1000 West. The project would cost approximately \$1 million. That would allow the City to complete a much needed road repair for less money than would be necessary to pay off the original road bonds. Overall, refunding the bonds appeared to be a wise and prudent use of City resources.

Mr. Manning explained the few changes made in the proposed resolution:

- Time of meeting, names and other minor details corrected throughout
- The first "Whereas" amounts were removed from the resolution.
- Designated Officer (page 3) defined any two would approve the final sale terms.
- Maximum interest rate was updated from 4% to 5% on pages 4, 7, and throughout.

Mrs. Black said refunding was like refinancing the bonds. Approving the refunding of the bonds did not lengthen the payout time but it would save the City \$1.1 million dollars.

Mr. Macdonald said keeping the payment and payoff time the same, while reaping the savings for the road construction was a good thing. He said the City should be looking at doing this with other bonds that were eligible for refinancing as well.

Mr. Seastrand asked when the City would have the actual money to fund the road construction.

Mr. Manning said the money would come in 2014-2015 fiscal year. There were optimum times to bid out construction projects. There was also a water project that would have to go ahead of the road construction, which could prove difficult for the timing. The City would likely get to the project in FY 2015-16.

Mr. Seastrand asked staff to looking into a way of speeding up the process as having the road torn up for two summers seemed a long time for a major corridor in the city.

Mrs. Black **moved** that the City Council, by resolution, adopt a parameters resolution authorizing the refunding of outstanding General Obligation Bonds originally issued for street work at various locations throughout the community. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

COMMUNICATION ITEMS

There were no communication items.

CITY MANAGER INFORMATION ITEMS

There were no City Manager information items.

ADJOURNMENT

Mr. Seastrand **moved** to adjourn the meeting. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed unanimously**.

The meeting adjourned at 6:33 p.m.

Donna R. Weaver, City Recorder

Approved: September 23, 2014